partnership for prosperity

A STRATEGY FOR SUCCESS IN THE NEW ECONOMY

CONSULTATION DOCUMENT

SEPTEMBER 2000

www.saskprosperity.sk.ca

GOVERNMENT OF SASKATCHEWAN

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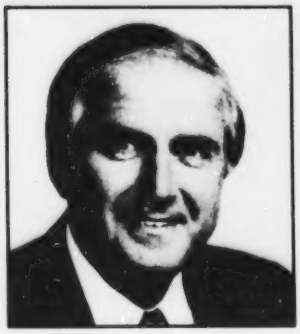
September 2000

Message from the Premier



We are embarking on a new century – a dynamic century in which our reality will surpass the dreams of many science fiction writers. It is the century in which communication is worldwide and instantaneous. It is the century in which markets are global. It is the century that can be Saskatchewan's.

During the 1990s, our province made remarkable progress. Working together, we put our financial house in order and diversified and grew our economy. Now, through that same Saskatchewan spirit, we can work together to make the 21st century our century of success.

I am therefore pleased to present *Partnership for Prosperity: A Strategy for Success in the New Economy*, a draft framework for an economic strategy of the 21st century. This strategy builds on previous strategies, *Partnership for Renewal* (1992) and *Partnership for Growth* (1996).

To ensure we have a Saskatchewan-made strategy, we will be consulting with the public and our partners in economic development to determine the best ways forward. I invite you to read our proposals and to provide your comments regarding the priorities and approaches we have set out here.

Roy Romanow

Roy Romanow
Premier

Message from the Minister

Saskatchewan people have built an economy where more people are working today than ever before – and have built the only province whose child poverty rate declined. Many of our businesses have shown remarkable success competing in world markets. Sectors such as biotechnology and information technology are internationally respected. Most important of all, we have the people – educated, trained people with a tradition of hard work. It cannot be forgotten that people are this province's greatest asset.

The changing world economy will challenge Saskatchewan people to respond so that we can enhance both our standard of living and our quality of life.

To provide a focus for a provincial economic strategy, *Partnership for Prosperity* suggests targets for our economic performance — targets for which we can strive and be accountable. These targets, real economic indicators, are based on discussions with a wide range of groups and individuals. They are ambitious, but they are also achievable.

Partnership for Prosperity is a consultation document, not a final document. The final document will be written once we receive the input of the people of the province. In this way, the province will meet the challenges and succeed, as we always have, by working together.

Janice MacKinnon

Janice MacKinnon
Minister of Economic and Co-operative Development

Vision for a Prosperous Province:

All people in Saskatchewan enjoy prosperity, opportunity, security and a high quality of life as full participants in a thriving, sustainable economy. We greet the future with confidence, knowing that our province is and will continue to be one of the best places in the world in which to live, work, visit and invest.

A Vision for Our Future

The kind of future we will have starts with determining the kind of future we want to have.

The prosperous province of the future has:

Prosperous People

Saskatchewan people are well-educated and can flourish in the electronic world. They have access to opportunity and know the security and fulfillment that come from having a rewarding job.

Prosperous Businesses and Co-operatives

Saskatchewan businesses prosper in a competitive environment. They are diversified, using innovation and technology to span global markets, increase productivity and deliver new products and services, within the context of a sustainable economy.

Saskatchewan's co-operatives continue to be seen as leaders in the international arena and in our communities, our society and our economy. They operate in an environment that recognizes their unique character and supports their growth.

Prosperous Communities

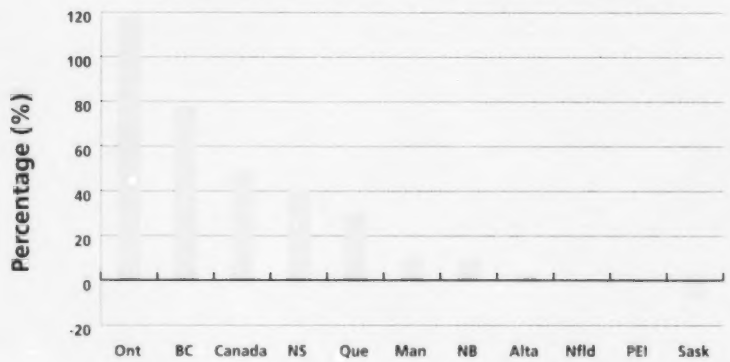
Urban, rural and northern communities foster and benefit from Saskatchewan's economic growth. They have used technology to reduce barriers of distance, and by working together they have created strong regions.

prosperous people

People are our greatest asset. Saskatchewan people are well-educated, flexible and known for their hard work.

Saskatchewan people created over 30,000 jobs since the early 1990s. In recent years we saw our disposable incomes rise while watching the child poverty rate fall. By seizing opportunities and bettering their education, Saskatchewan workers led the nation in productivity gains the past decade. We reduced our debt and through the decade our economic growth rate exceeded the Canadian average. Our population went up while net out-migration went down.

Percentage Change in Child Poverty (1989-97)



TARGET FOR SUCCESS – FULL EMPLOYMENT ECONOMY

INCREASE JOBS BY AT LEAST 6% BY 2005

We established a solid foundation for greater prosperity. We can now build on our efforts by understanding the trends and challenges that will be pivotal to our success.

TARGET FOR SUCCESS – HIGHER INCOMES

INCREASE AVERAGE PERSONAL DISPOSABLE INCOME BY AT LEAST 25% BY 2005

TARGET FOR SUCCESS – TAXES

REDUCE PROVINCIAL INCOME TAX BY OVER 25% FOR AN AVERAGE SASKATCHEWAN FAMILY BY 2003

Since 1992, Saskatchewan people have created more than 30,000 jobs.

Over the past ten years, Saskatchewan had a 2.8% average annual increase in productivity while the Canadian average was less than 1.0%.

From 1992 to 1998, Saskatchewan's real GDP per capita grew at an average annual rate of 3.3%, the highest growth rate in the country.

Our debt to GDP ratio went from nearly 70% to less than 40%.

More post-secondary graduates are staying in Saskatchewan.

Some elementary schools are already taking the lead in computer-assisted learning such as using Internet-based materials and establishing e-mail pen pals. Others are using video conferencing to extend specialized resources.

The number of employed people with high school education or better has increased from 69% in 1990 to 78% in 1998.

Trends and Challenges

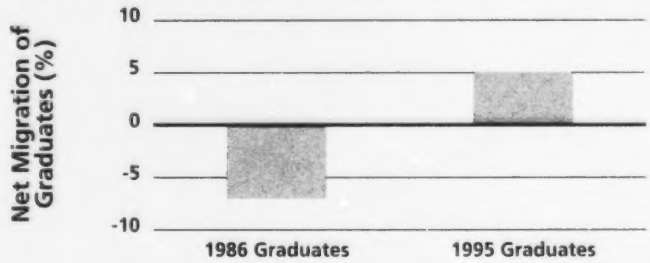
A Knowledge Society

In the future, the successful economy will be a knowledge economy. We will need more education before entering the workforce and we will need to continuously learn throughout our lives. Much of this will be – in fact, already is – driven by technology. Our ability to use, adapt and create new technology will be key.

Youth

Our young people are better educated, and more Saskatchewan students – over 93% – have used the Internet than students in any other province. Youth employment increased by 7,300 between 1992 and 1999, and we are retaining more of our young people.

Net Migration of Post-Secondary Graduates Two Years After Graduation



However, we still need to do more to ensure opportunities are provided for our young people.

TARGET FOR SUCCESS – YOUTH EMPLOYMENT
INCREASE YOUTH EMPLOYMENT BY 10% BY 2005

Strategies for Education

Ensuring we remain competitive in a knowledge-based economy demands that our post-secondary education be:

- World class: We are competing with the world. Our institutions must be able to attract the brightest and the best and prepare our young people through excellence in programming.
- Focused on the future: Working with businesses and communities, we must identify future needs to ensure trained people will be available and ready for the jobs of tomorrow. We need the flexibility to adapt because, in a society of fast-paced change, tomorrow quickly becomes today.

- Continuous: Business, educational institutions and government must develop approaches that enable people to continually educate and re-educate themselves throughout the course of their careers.
- Technology sensitive and technology supported: Education must include leading-edge technology, both in the courses that are delivered and in how they are delivered.

TARGET FOR SUCCESS – EDUCATED KNOWLEDGE WORKERS

INCREASE THE NUMBER OF PEOPLE WITH POST-SECONDARY EDUCATION BY 5% BY 2005

Saskatchewan is retaining more family medicine graduates today than it was prior to 1991.

Strategies Must Bridge the Digital Divide

Through our communities and our schools, we must:

- Make computers a standard tool for children in urban, rural and northern communities.
- Ensure our young people are Internet-literate.
- Bridge the digital divide. The incredible speed at which information and communication technologies are being adopted creates a gap between technology haves and have-nots – a worldwide digital divide. Strategies that make digital technology more accessible across all income groups and all regions can bridge the divide.

All Saskatchewan schools are connected to the Internet.

Saskatchewan was the first province in Canada to introduce e-commerce legislation.

TARGET FOR SUCCESS – THE DIGITAL CONNECTION

INCREASE THE NUMBER OF BUSINESSES AND FAMILIES CONNECTED TO THE INTERNET BY 40% BY 2005

The impact of digital technology goes beyond our education system. It has transformed how we interact with others, and our environment must enable citizens to be comfortable with new technology. It will enhance our power to communicate, not replace the value of personal interaction and service. It will open more channels for citizens to receive the services they need. This will require:

- Ensuring our communication systems provide secure transmission of information.
- Laws that address consumer and business concerns about electronic transactions.

A recent survey of business leaders showed that the work ethic of our workforce is a major asset.

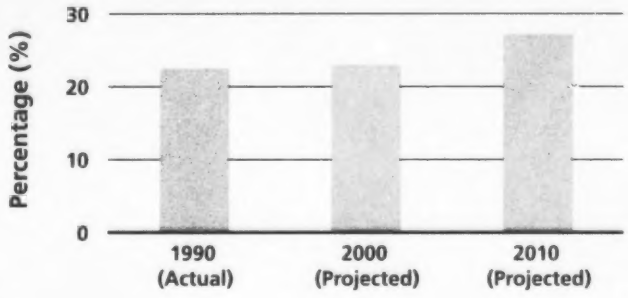
Participation by Aboriginal people in the labour force is increasing. In 1991 it was 48.5%. By 1996 it had risen to 51.1%, but there is a big gap, as participation by non-Aboriginal people was 68.8%. Much remains to be done.

Today there are 17,000 fewer social assistance recipients in Saskatchewan than there were five years ago. Through increased job creation and programs that foster independence, these individuals have been able to overcome barriers and return to the workforce.

A Changing Population

The North American population is getting older and Saskatchewan is no exception. The age of the average Saskatchewan worker is 43. As the baby boom generation begins to retire in the coming decade, Saskatchewan will experience more labour shortages.

Percentage of Saskatchewan Population Over 55



Building the Bridges

Saskatchewan has great youth potential in the Aboriginal population. By 2001, about one-quarter of all labour force entrants and one-third of all new school entrants will be Aboriginal. We must build the bridges to achieve the full capacity of that potential.

We must ensure access to opportunities by:

- Using partnerships to increase the number of First Nations and Métis people in our labour force.
- Increasing the success rate for Métis and First Nations children in our schools.
- Ensuring First Nations and Metis people have access to the technologies that will drive our future.
- Celebrating the success that Aboriginal people are experiencing in the economy.

TARGET FOR SUCCESS – JOBS FOR FIRST NATIONS AND MÉTIS PEOPLE
INCREASE THE EMPLOYMENT RATE OF ABORIGINAL PEOPLE BY 20% BY 2005

Independence and Opportunity

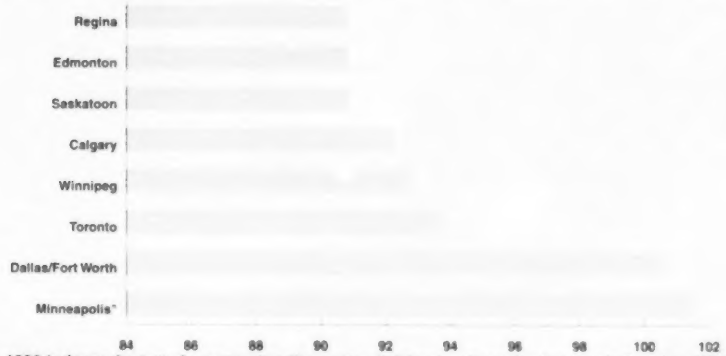
Ultimately, economic prosperity and social well-being must work hand-in-hand. We must continue to widen the circle of opportunity. All citizens, including minority groups and those with disabilities, must have opportunities to participate and share in and contribute to the benefits associated with our economic prosperity.

prosperous businesses and co-operatives

Saskatchewan has embraced the global economy. Fully one-third of our jobs are export-dependent, and in the 1990s our export shipments increased dramatically. We are the most export-oriented province in Canada.

We are leaders in terms of cost competitiveness. An independent 1999 report on G7 countries found Saskatchewan to be among the lowest-cost places in the world to do business and ahead of other provinces and states on a western regional basis.

Comparative Cost Rankings – Saskatchewan vs. U.S./Canadian Cities*



* From a 1999 independent study comparing the costs of doing business in nine key industries. (100 equals indexed, average cost of doing business in the U.S.)

Since that time, major personal income tax cuts have been introduced that will make our businesses more competitive.

TARGET FOR SUCCESS – COMPETITIVENESS

AMONG COMPARABLE PROVINCES AND STATES, SASKATCHEWAN IS THE MOST COST COMPETITIVE JURISDICTION IN WHICH TO DO BUSINESS IN OUR KEY SECTORS BY 2005

Our Co-operatives – Leaders in the Province and the World

Saskatchewan's co-operatives have long been leaders. While many are found in the province's top one hundred businesses, their impact extends far beyond to the very core of our lives. More than half of the people in Saskatchewan are members of a co-op. Whether it's neighbourhood development, daycare or health care, Saskatchewan people work together through our 1,300 co-operatives to help themselves.

TARGET FOR SUCCESS – GROWTH OF CO-OPERATIVES

ESTABLISH 45 NEW CO-OPERATIVES BY 2005

Our co-operatives attract international attention. Last year, delegates from Sweden were in Saskatchewan to study our health care co-operatives and officials from South Africa were in the province to study government programs for rural co-operatives.

Saskatchewan's Key Strengths

- *Agri-value*
- *Forestry*
- *Mining*
- *Energy*
- *Tourism and Culture*
- *Information Technology and Telecommunications*
- *Value-added Processing and Manufacturing*
- *Biotechnology*
- *Environmental Industries*

The real value of our exports increased 53% from 1990 to 1999.

Trends and Challenges

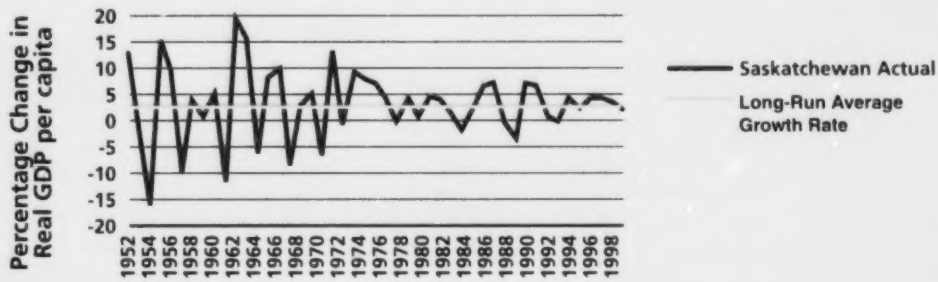
Leading on the World Stage

With advances in transportation and telecommunications, we compete worldwide. While this means more markets for our exports, it also means our competition extends well beyond the borders of our neighbours.

We have key sectors that offer great opportunities for future success: Agri-value, Forestry, Mining, Energy, Tourism and Culture, Information Technology and Telecommunications, Value-added Processing and Manufacturing, Biotechnology, and Environmental Industries.

By encouraging growth in our key sectors, we can continue to diversify and reduce economic volatility. Our efforts have already paid off with our economy becoming more stable over the last decade, but we can build on this success.

Year-on-Year Volatility in the Saskatchewan Economy



The Power of our Sectors

We can unlock the power of our sectors by:

- Establishing forums that bring key players together to plan strategies and grow and diversify.
- Focusing government and Crown investments to lever sector growth and diversification with such measures as targeted tax reductions.

TARGET FOR SUCCESS – DIVERSITY IN EXPORTS
INCREASE VALUE-ADDED EXPORTS BY 20% BY 2005

We can ensure our place on the world stage by:

- Keeping our tax environment competitive.
- Promoting harmonious labour relations based on mutual understanding and co-operation that encourages both economic growth and well-being of workers.
- Improving our highways and airline infrastructure for faster, safer transportation.
- Broadening our export horizon by increasing the volume, value and range of exportable products, by negotiating access to and developing new markets, and by enabling more Saskatchewan firms to be export-ready.
- Providing a pro-growth regulatory environment that encourages business and co-operatives to grow and compete on the world stage.

TARGET FOR SUCCESS – REDUCE REGULATIONS

CONTINUE TO WORK ON THE 1996 COMMITMENT TO REDUCE PROVINCIAL REGULATIONS BY 25%

Since 1996, the number of provincial regulations has been reduced by 13%.

$10 million has been designated for the Innovation and Science Fund, which is mandated to promote economic growth and quality of life through innovation and research.

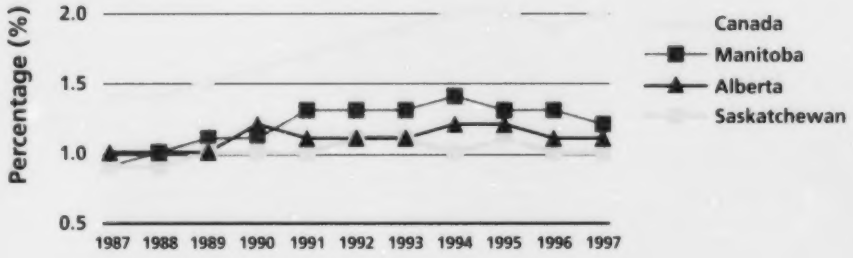
From 1992 to 1998 Saskatchewan's productivity grew by 16.5%.

Recent legislation fosters the growth of New Generation Co-operatives.

Innovation is Key

Innovation is playing a critical role in economic diversification and growth. Jurisdictions are increasingly investing in research and development (R&D) to ensure they stay competitive. However, Saskatchewan's investment in R&D lags behind that in other jurisdictions. To grow and enhance our quality of life, we must increase our R&D investments.

Gross Expenditures on R&D as a Percentage of Real GDP (Gross Domestic Product)



TARGET FOR SUCCESS – INVESTING IN INNOVATION

INCREASE INVESTMENT IN R&D BY 20% BY 2005

Innovation goes beyond product development. New approaches to making products, communicating to our customers and organizing our enterprises will increase our productivity.

For instance, New Generation Co-operatives provide an excellent way for farmers and rural communities to gain more of the benefits from diversification and value-added agriculture.

TARGET FOR SUCCESS – CO-OPERATIVES FOR THE NEW CENTURY

ESTABLISH 10 NEW GENERATION CO-OPERATIVES BY 2005

With well-educated, hard-working people and an enhanced commitment to R&D, Saskatchewan can continue to be a leader in productivity.

TARGET FOR SUCCESS – GREATER PRODUCTIVITY

INCREASE PRODUCTIVITY BY AT LEAST 10% BY 2005

The Wired World

Information and communication technologies are growing rapidly. Research has shown it took 38 years for radio to reach 50 million people. Television took 13 years to reach that many people. The Internet reached that level in only five years – and it continues to grow. Given current trends in e-business, it is projected that by the year 2002, there will be more than a trillion dollars in business conducted on the Internet each year. To compete, our province must be digitally smart.

This requires:

- Expanding the adoption of e-commerce among Saskatchewan firms.
- Improving electronic access by business and citizens to government services and agencies.

Our Information and Communication Technologies industry is currently worth $1.6 billion. A digitally-smart economy means adopting these technologies in all of our activities – education, business and government.

A Winning Attitude

Whether it is prairie humility or the effects of a historically volatile economy, Saskatchewan people are just a bit too modest.

Our economy has transformed; our businesses have shown worldwide success; and we've been long-time innovators in co-operatives, health services, and new agricultural practices and machinery. We have world-class research, recognized internationally when we competed for and won one of Canada's largest research investments in history – the Canadian Light Source Synchrotron. We are known worldwide for our expertise in agricultural biotechnology.

We are world class. The Canadian Light Source Synchrotron – one of the largest scientific investments in Canada's history – will be complete in 2003.

Saskatchewan people are beginning to overcome their modesty and celebrate their successes. Chambers of Commerce are recognizing business excellence. Government has encouraged business ambassadors to tell our story to the world, and we have produced new marketing products to help them do so. But more needs to be done:

- We have to share the stories of our success within the province and expand and target our out-of-province marketing efforts.
- We also have to work with our partners in the business and co-operative communities to promote the value of entrepreneurship and co-operation.

Together, co-operatives, business associations, government and communities can promote an attitude that supports entrepreneurship and co-operation.

TARGET FOR SUCCESS – ATTITUDE

90% OF CITIZENS SEE SASKATCHEWAN AS A GREAT PLACE IN WHICH TO LIVE, WORK AND DO BUSINESS

Through neighbourhood development organizations, we're acting on the knowledge that prosperous communities start in our neighbourhoods.

For example, River Bank Development Corporation in Prince Albert co-ordinates business training programs, employment training and affordable housing initiatives.

Manufactured shipments of food and beverage products increased 40% from 1995 to 1999.

60% of Saskatchewan's food processing companies are located in smaller and rural communities.

prosperous communities

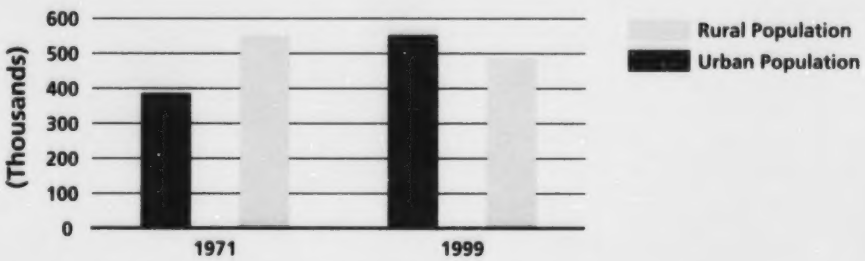
Saskatchewan people have taken a grassroots approach to making their communities more prosperous. Businesses, communities and local governments are working through Regional Economic Development Authorities (REDAs), Community Regional Economic Development Organizations (CREDOs) and other community-based organizations to foster business growth. Through neighbourhood development organizations, people and agencies are working together to improve their neighbourhoods both socially and economically.

Trends and Challenges

A Strong Rural Saskatchewan

Saskatchewan is part of a global trend toward greater urbanization, but approaches that combine the power of smaller communities can be and are being used effectively to strengthen rural economies.

Rural-Urban Demographic Trends



Although we must continue to work with the federal government to establish national, affordable and effective agricultural safety net programs, we can take action to develop a stronger rural economy by:

- Encouraging diversification in value-added processing in agriculture, forestry and other products.

TARGET FOR SUCCESS – FOOD PROCESSING
INCREASE SALES OF AGRI-VALUE PROCESSED PRODUCTS BY 30% BY 2005

- Improving our transportation infrastructure.

TARGET FOR SUCCESS – TRANSPORTATION INFRASTRUCTURE
WORK WITH FEDERAL AND LOCAL PARTNERS TO INVEST MORE THAN $200 MILLION IN IMPROVEMENTS TO GRAIN HAUL ROUTES AND SHORTLINE RAIL SYSTEMS BY 2005

- Creating a one-stop approach to community economic development – co-ordinating the efforts of all governments, regional economic authorities and local business development agencies.
- Communities and organizations continuing to develop regional approaches to economic development.

TARGET FOR SUCCESS – TIMELY, ON-SITE SERVICE
INCREASE THE NUMBER OF ONE-STOP BUSINESS CENTRES BY 60% BY 2005

A Stronger Northern Economy

We can have a stronger, more diversified northern economy through:

- Strengthening education and training in the north.
- Improving community and regional infrastructure to assist sustainable economic and social development.
- Ensuring northern residents participate in decisions that balance protecting natural resources, traditional ways of life and economic growth.
- Implementing partnerships to co-ordinate federal, provincial and northern stakeholders in northern development.

Electronic Opportunity

Information technology can be a great equalizer among regions. Telecommunication advances allow greater flexibility in business locations, especially in the knowledge industries. Already in Saskatchewan, many businesses in small communities are taking orders and conducting business over the Internet. Firms and governments are applying information technology to improve their traditional lines of business and service delivery.

Fostering the development of knowledge businesses in rural Saskatchewan requires:

- Improving the telecommunications infrastructure for rural communities.
- Building awareness in communities and entrepreneurs about e-business options.
- Developing the expertise to maximize opportunities in the new information economy.

TARGET FOR SUCCESS – TOP-NOTCH ELECTRONIC INFRASTRUCTURE
INCREASE ACCESS TO HIGH-SPEED INTERNET TO AT LEAST 250 COMMUNITIES BY 2005

Production of pulse crops has increased 23% per year for 15 years. Saskatchewan is the world's largest exporter of lentils and canary seed. The processing of specialty crops provides over 850 jobs, most in rural Saskatchewan.

Communities in rural and northern Saskatchewan continue to benefit from the growth of the apparel and textile industry – about 400 companies employ over 2,000 people in the province. From 1995 to 1998, exports increased by 98% to $6.2 million. Nearly 60% of firms are located outside of Saskatoon and Regina.

a prosperous province

Like threads in a tapestry, it is the people, the communities, the businesses and the co-operatives that weave together to form our province. Each thread must be individually strong and must support the others in order to form a strong and prosperous province. It is in this way that the various strategies identified must work together to create our future prosperity.

As a province, we can be proud of our achievements in building prosperity – we have a more sustainable and diverse economy than ever before. We have reduced taxes. We have more people working in our province than ever before. We are the only province in Canada where the number of children living in poverty has decreased. Now we can do more to build on our success, and we can be guided by principles that underscore the importance of working together:

Partnership: All Saskatchewan people are partners in a common cause – to increase the prosperity of the people of our province.

Being Competitive: Our province will offer a competitive business environment and a quality of life that is second to none.

Accountability: Together we can set goals and targets and openly report on our progress.

Sound Financial Management: Balanced budgets and consistent, prudent management of public finances provide a secure foundation for our future.

Sustainable Development: Development that protects our environment is a legacy for future generations.

Access to Opportunities: All citizens have access to opportunity for their own advancement and share in the benefits of economic growth.

A strategy based on these principles will lead to economic growth that is both nurtured and encouraged by a healthy society – and which in turn fosters a high quality of life for all residents. Realizing true prosperity in the new economy goes beyond impressive trade statistics or budget surpluses. All Saskatchewan residents must have the opportunity to share in success so that we have:

- Prosperous People
- Prosperous Businesses and Co-operatives
- Prosperous Communities

Together, these will create a prosperous province.

A province in which all people enjoy prosperity, opportunity, security and a high quality of life as full participants in a thriving, sustainable economy. A province in which we greet the future with confidence, knowing that our province is and will continue to be one of the best places in the world in which to live, work, visit and invest.

Targets by 2005

- Increase jobs by at least 6%
- Increase average personal disposable income by at least 25%
- Reduce provincial income tax by over 25% for an average Saskatchewan family
- Increase youth employment by 10%
- Increase the number of people with post-secondary education by 5%
- Increase the number of businesses and families connected to the Internet by 40%
- Increase the employment rate of Aboriginal people by 20%
- Among comparable provinces and states, Saskatchewan is the most cost competitive jurisdiction in which to do business in our key sectors
- Establish 45 new co-operatives
- Increase Value-added exports by 20%
- Continue to work on the 1996 commitment to reduce provincial regulations by 25%
- Increase investment in R&D by 20%
- Establish 10 New Generation Co-operatives
- Increase productivity by at least 10%
- 90% of citizens see Saskatchewan as a great place in which to live, work and do business
- Increase the sale of agri-value processed products by 30%
- Work with federal and local partners to invest more than $200 million in improvements to grain haul routes and shortline rail systems
- Increase the number of one-stop business centers by 60%
- Increase access to high-speed Internet to at least 250 communities

What Do You Think?

A strategy for the province requires broad-based participation, in both its development and its implementation. This document presents some ideas for action and possible targets for measuring success, but there are more ideas out there and there are various ways to measure success.

There are many ways to become involved. We have included a form on the next page with some questions you are invited to answer. There is also space for other comments. Please mail your form to:

Partnership for Prosperity
P.O. Box 2405, Stn. Main
REGINA, SK S4P 9Z9

You can also visit our web site at www.saskprosperity.sk.ca or call our toll-free number at 1-800-265-2001 to share your views.

Your comments will help shape the strategy for success in the new economy. We will report on the ideas and opinions raised and on how we can work in partnership for prosperity.